

Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 01308 101458 Z

53

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 INR-09 NSAE-00 PA-03

RSC-01 USIA-12 PRS-01 COME-00 EB-11 LAB-06 SIL-01

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C O N F I D E N T I A L LA PAZ 1308

USCINCSO FOR POLAD

E. O. 116): GDS

TAGS: ELAB, PINS, BL

SUBJ: MINERS TO ACCEPT GOB WAGE OFFER

REF: LA PAZ 1182.

1. FSTMB OFFICIAL ARTURO CRESPO TOLD LABATT THAT MINERS PLAN TO OFFICIALLY NOTIFY GOB ON MARCH 12 OR 13 OF THFIR ACCEPTANCE OF LATEST WAGE OFFER. CRESPO SAID TALKS WOULD BE HELD WITH COMIBOL ON MARCH 12 CONCERNING TECHNICAL ASPECTS OF INCREASE FOR CONTRACT PRICES, BUT THAT POINT WOULD NOT DELAY ACCEPTANCE. HE CONFIRMED THAT OFFER INVOLVED A 10 MPERCENT INCREASE FOR WORKERS ON CONTRACT; A 7.175 PERCENT WAGE INCREASE PLUS A FOURTEENTH MONTH BONUS FOR WAGE EARNERS, PAYABLE YEARLY IN AUGUST AND BASED ON THE AVERAGE MONTHLY INCOME FOR APRIL, MAY AND JUNE. ACCORDING TO CRESPO THE TOTAL POST DEVALUATION " WAGE INCREASE," INCLUDING THE COMPENSATION AND FAMILY BFFUSES, PLUS VARIOUS FRINGE BENEFITS WOULD BE BETWEEN 50 AND 51 PERCENT AND WOULD ENTAIL AN ANNUAL 68 MILLION PESO COST TO COMIBOL. CRESPO SAID THE MINERS CALCULATED THIER POST DEVALUATION COST OF LIVING HAD INCREASED 48 PERCENT; THEREFORE THEY WOULD RECEIVE A 2 TO 3 PERCENT INCREASE IN REAL WAGES. THE AGREEMENT IS ONLY FOR NATIONALIZED MINES AND

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PAGE 02 LA PAZ 01308 101458 Z

WAGE TALKS WITH THE PRIVATE MINING SECTOR WILL BE HANDLED
ON A MINE- BY- MINE BASIS.

2. CRESPO OBSERVED THAT 98 PERCENT OF THE UNIONS HAD VOTED TO ACCEPT THE GOBHSFFER, WITH ONLY SIGLO XX AND MATILDE REJECTING IT. HE STATED THAT THOSE TWO UNIONS WOULD ACCEPT THE OVERWHELMING MAJORITY VOTE AND GO ALONG WITH THE SETTLEMENT. COMMENTING ON THE STRIKE BYNFIGLO XX (REFTEL), CRESPO SAID THAT THE STRIKE OCCURRED WHEN THE MONTHLY CONTRACT WORK MEASUREMENTS WERE TAKEN, DURSNG WHICH TIME PRACTICALLY NO EXTRACTION WORK IS UNDERTAKEN, SO THE STRIKE WAS REALLY ONLY SYMBOLIC. CATAVI JOINED THE STRIKE AS IT HAD NP MATERIALS WITH WHICH TO WORK.

3. CRESPO OPINED THAT BOTH THE UNION MOVEMENT AND THE GOB GAINED FROM THIS SETTLEMENT. HE SAID IT WAS A POLITICAL PLUS FOR THE GOVERNMENT AND SHOULD BRING A PERIOD OF LABOR PEACE. HE ADDED THAT THE FOURTEENTH MONTH BONUS FOR THE MINERS WOULD NOT BE TOO HEAVY A BURDEN FOR COMIBOL, AS THE MINERS PRODUCTION WILL RISE SIGNIFICANTLY DURING THE MONTHS OF APRIL, MAY AND JUNE. HE SAID THE WORKERS WILL NOT ENGAGE IN WORK STOPPAGES OR ABSENTEEISM AND WILL PRODUCE TO THE MAXIMUM IN ORDER TO ASSURE THEMSELVES OF A HIGH BONUS. FOR THE FSTMB, CRESPO SAID IT WAS IMPORTANT THAT FOR THE FIRST TIME IN MINERS- GOB RELATIONS THAT THE FSTMB HAD GAINED A MAJOR SALARY INCREASE THROUGH NEGOTIATIONS WITHOUT THE ACCOMPANYING THREAT OF CONFRONTATION.

4. COMMENT: BARRING ANY LAST MINUTE SNAG BY SIGLO XX, THIS SETTLEMENT SHOULD REMOVE THE LAST MAJOR THREAT TO LABOR PEACE CREATED BY THE DEVALUATION MEASURE. WHILE A FEW LOOSE ENDS STILL REMAIN FOR FINAL SETTLEMENT IN ALL LABOR SECTORS, NONE SHOULD CREATE INSURMOUNTABLE PROBLEMS FOR GOBAH

5. IT SHOULD BE EMPHASIZED THAT THE AGREEMENT UNDER DISCUSSION INCLUDES A WAGE INCREASE TO MINERS OF, WE BELIEVE, 18 PERCENT 6 19 PERCENT OF PRE- DEVALUATION WAGE COSTS (THE IMF REPRESENTATIVE ESTIMATES 16 PERCENT - 17 PERCENT) AS REPORTED IN LA PAZ 1165. CONTRARY TO STATEMENT IN LA PAZ 1165 TO EFFECT THAT TOTAL WAGE COST
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 01308 101458 Z

INCREASE TO COMIBOL WILL BE ABOUT 50 PERCENT SINCE

DEVALUATION, WE BELIEVE TOTAL WAGE INCREASE FROM TIME OF DEVALUATION INCLUDING THE FOURTEENTH MONTH PAID IN JULY (I. E., OVER AN EIGHT MONTH PERIOD) IS ABOUT 40 PERCENT.

ON THE OTHER HAND, COMIBOL CONTINUES TO KEEP IN ITS COMMISSARIES PRICES OF MEAT, SUGAR, RICE, FLOUR AND BREAD AT PRE-DEVALUATION LEVELS. THIS SUBSIDY PLUS HOUSING AND OTHER SOCIAL SUBSIDIES MAY WELL RAISE THE VALUE OF THE TOTAL "ECONOMIC PACKAGE" GIVEN TO THE MINE WORKERS SINCE THE DEVALUATION TO ABOUT 50 PERCENT OF TOTAL LABOR COSTS BEFORE THE DEVALUATION.

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